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STATE OF HAWAII
REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS

STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Department of Commerce & Consumer Affairs / Business Registration Division
 (Department/Division/Agency)

Pursuant to § 103D-102(b)(5), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

Description of goods, services, or construction:

One of our goals is to provide students (grades 3-12) with financial literacy education.

Provide and administer a "real-life" interactive simulation that will teach Hawaii's students (grades 3-12) how the United States market system works and how to make wise investment decisions. The simulation should be designed to encourage students to develop a diversified and balanced portfolio and to avoid speculation. In addition, the vendor must offer and provide curriculum and workshops to participating teachers. The vendor shall also have or develop a network with Hawaii's teachers to facilitate effective communications regarding our program's goals and objectives.

Name of Vendor: **HAWAII COUNCIL ON ECONOMIC EDUCATION**
 Address: **2424 Maile Way, Room 540**
Honolulu, Hawaii 96822

Cost:
\$425,000 for five years.
 (See Attachment for yearly breakdown)

Term of Contract: From: **August 2004** To: **July 2009**
Two year contract from August 2004 to July 2006, w/ option to extend one additional year, up to three years, from August 2006 to July 2009.

Prior Exemption Ref. No. (if applicable)
None.

Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:

We have considered other simulations, but all of them were games or competitions that are based on "who can make the most money". HCEE administers the Hawaii-Stock Market Simulation that features a unique set-up that requires students to create a diversified and well-balanced portfolio and provides for a "real-life" experience.

The other simulations/games also required us to administer the simulation ourselves or to find a separate vendor that would administer it for us. HCEE not only provides access to the Hawaii-Stock Market Simulation, they also market it and are the exclusive administrator of the Hawaii-Stock Market Simulation in Hawaii.

HCEE already has over 1,700 students and over 40 schools participating in the Hawaii-Stock Market Simulation. With our involvement, we will be able to outreach one of our targets (students grades 3-12) and allow HCEE to offer their simulation to more students and provide teacher workshops on the neighbor islands.

Details of the process or procedure to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:

The Commissioner of Securities and Securities Education Specialist will select the vendor and request the Director of DCCA to approve the selection.

A description of the agency's internal controls and approval requirements for the exempted procurement:

Approvals by the division chief (Business Registration) and department head (Director) are required.

A list of agency personnel, by position title, who will be involved in the approval process and administration of the contract:

Ryan S. Ushijima, Commissioner of Securities
Alton M. Isa, Securities Education Specialist

Direct questions to:

Ryan S. Ushijima, Commissioner of Securities

Phone Number:

(808) 586-2744

This exemption should be considered for list of exemptions attached to Chapter 3-120, HAR: Yes ☐ No ☐

***I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS, TO THE BEST OF MY KNOWLEDGE,
TRUE AND CORRECT.***

Mam Redden

Department Head or Designee

MAY 25 2004

Date

DIRECTOR

Title (If other than Department Head)

Chief Procurement Officer's Comments:

Please ensure adherence to applicable administrative requirements.

☒ APPROVED

☐ DISAPPROVED

Alton M. Isa

Chief Procurement Officer

6/18/04

Date

cc: Administrator,
State Procurement Office

JUSTIFICATION FOR THE PROPOSED TERM OF THE CONTRACT
P.E. No 04-36-M

Our goal is to provide the Hawaii-Stock Market Simulation (Hawaii-SMS) to 10,000 of Hawaii's students, each semester, by the year 2009.

Hawaii-SMS is a new and exciting interactive educational tool. However, like anything new, it will take time for schools and teachers to adopt Hawaii-SMS into their classrooms. We are confident that marketing efforts and with teacher referrals we will be able to improve participation each year. But, it will take time.

| 1 st Year | 2 nd Year | 3 rd Year | 4 th Year | 5 th Year |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------------|
| 2,600 Students Each Semester | 4,000 Students Each Semester | 6,000 Students Each Semester | 8,000 Students Each Semester | 10,000 Students Each Semester |

6/18 may \$55,000 \$70,000 \$85,000 \$100,000 \$115,000

We also strongly feel that schools and teachers are less likely to adopt Hawaii-SMS into their classroom if they are uncertain of our commitment. By securing a five year contract with HCEE we will be able to market Hawaii-SMS with the assurance that we are committed to the schools, teachers, and most importantly, the students.

The proposed five year contract with the Hawaii Council on Economic Education (HCEE) will also permit us to pursue our goal at a pace that will allow us to make the necessary adjustments and improvements as more schools, teachers, and students participate.